FIRST ENGROSSMENT

Sixty-second Legislative Assembly of North Dakota

ENGROSSED HOUSE BILL NO. 1134

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 two new subsections to section 15-39.1-04 of the North-

2 Dakota Century Code, relating to definitions of member tiers under the teachers' fund for-

3 retirement; to amend and reenact subsections 1 and 2 of section 15-39.1-09, subsection 1 of

4 section 15-39.1-10, and sections 15-39.1-12, 15-39.1-18, 15-39.1-19.1, and 15-39.1-19.2 of the

5 North Dakota Century Code, relating to employee and employer contribution requirements,

6 eligibility for normal unreduced retirement benefits eligibility for early reduced retirement-

7 benefits, eligibility for disability benefits, and retiree reemployment under the teachers' fund for-

8 retirement; and to provide an effective date. for an Act to create and enact two new subsections

9 to section 15-39.1-04 of the North Dakota Century Code, relating to definitions of member tiers

10 under the teachers' fund for retirement; to amend and reenact subsection 1 of section

11 <u>15-39.1-09</u>, subsection 1 of section 15-39.1-10, and sections 15-39.1-12, 15-39.1-18,

12 <u>15-39.1-19.1, and 15-39.1-19.2 of the North Dakota Century Code, relating to employee and</u>

13 employer contribution requirements, eligibility for normal unreduced retirement benefits,

14 <u>eligibility for early reduced retirement benefits, eligibility for disability benefits, and retiree</u>

15 reemployment under the teachers' fund for retirement; and to provide an effective date.

16 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

17 **SECTION 1.** Two new subsections to section 15-39.1-04 of the North Dakota Century Code 18 are created and enacted as follows: 19 "Tier one grandfathered member" for purposes of sections 15-39.1-10 and 15-39.1-12 20 means a tier one member who, as of June 30, 2013, is vested as a tier one member in-21 accordance with section 15-39.1-11; and 22 Is at least fifty-five years of age; or a. 23 Has a combined total of years of service credit in the plan and years of age which b. 24 equals or exceeds sixty-five.

1	"Tier one nongrandfathered member" for purposes of sections 15-39.1-10 and
2	15-39.1-12 means a tier one member who does not qualify as a tier one grandfathered
3	member.
4	SECTION 2. AMENDMENT. Subsections 1 and 2 of section 15-39.1-09 of the North Dakota
5	Century Code are amended and reenacted as follows:
6	
7	be assessed upon the teacher's salary seven and seventy-five hundredths percent per
8	annum, which must be deducted, certified, and paid monthly to the fund by the
9	disbursing official of the governmental body by which the teacher is employed.
10	Member contributions increase to nine and seventy-five hundredths percent per
11	annum beginning July 1, 2012, and increase thereafter to eleven and seventy-five
12	hundredths percent per annum beginning July 1, 2014. Except as otherwise provided
13	by law, every governmental body employing a teacher shall pay to the fund eight and
14	seventy-five hundredths percent per annum of the salary of each teacher employed by
15	it. Contributions to be paid by a governmental body employing a teacher increase to
16	ten and seventy-five hundredths percent per annum beginning July 1, 2012, and
17	increase thereafter to twelve and seventy-five hundredths percent per annum
18	beginning July 1, 2014. The required amount of member and employer contributions
19	must be reduced to seven and seventy-five hundredths percent per annum effective
20	on the July first that follows the first valuation showing a ratio of the actuarial value of
21	assets to the actuarial accrued liability of the teachers' fund for retirement that is equal
22	to or greater than ninety percent. The disbursing official of the governmental body
23	shall certify the governmental body payments and remit the payments monthly to the
24	fund.
25	
26	each employer, at its option, may pay the teacher contributions required by
27	subsection 1 for all compensation earned after June 30, 1983. The amount paid must
28	be paid by the employer in lieu of contributions by the employee. If an employer-
29	decides not to pay the contributions, the amount that would have been paid will
30	continue to be deducted from compensation. If contributions are paid by the employer,
31	they must be treated as employer contributions in determining income tax treatment

1	under this code and the federal Internal Revenue Code. If contributions are paid by the
2	employer, they may not be included as gross income of the teacher in determining tax-
3	treatment under this code and the Internal Revenue Code until they are distributed or
4	made available. The employer shall pay these teacher contributions from the same-
5	source of funds used in paying compensation to the teachers. The employer shall pay-
6	these contributions by effecting an equal cash reduction in the gross salary of the
7	employee or by an offset against future salary increases. If teacher contributions are
8	paid by the employer, they must be treated for the purposes of this chapter in the
9	same manner and to the same extent as teacher contributions made prior to the date
10	the contributions were assumed by the employer. The option given employers by this-
11	subsection must be exercised in accordance with rules adopted by the board.
12	
13	Century Code is amended and reenacted as follows:
14	1. The following members who have acquired a vested right to a retirement annuity as
15	set forth in section 15-39.1-11 are eligible to receive monthly lifetime normal
16	unreduced retirement benefits under this section:
17	a. All tier one and tier two members who have earned three years of teaching
18	service credit and who have attained the age of sixty-five years.
19	b. All tier one grandfathered members who have earned three years of teaching
20	service credit and who have a combined total of years of service credit and years
21	of age which equals or exceeds eighty-five.
22	c. All tier two members who have earned five years of teaching service credit and
23	who have attained the age of sixty-five yearsone nongrandfathered members and
24	tier two members who are at least sixty years of age and who have combined
25	total of years of service credit and years of age which equals or exceeds ninety.
26	d. All tier two members who have earned five years of teaching service credit and
27	who have a combined total of years of service credit and years of age which
28	equals or exceeds ninety.
29	
30	amended and reenacted as follows:
31	

1	- A tier one member who has acquired a vested right to a retirement annuity as set forth in
2	section 15-39.1-11 and who has attained age fifty-five may retire prior to the normal retirement
3	age as set forth in section 15-39.1-10 but the benefits to which the member is then entitled must
4	be reduced to the actuarial equivalent of the benefit credits earned to the date of early-
5	retirement from the earlier of age sixty-five or the age at which current service plus age equals-
6	eighty-five. A tier two member who has acquired a vested right to a retirement annuity as set
7	forth in section 15-39.1-11 and who has attained age fifty-five may retire prior to the normal-
8	retirement age as set forth in section 15-39.1-10 but the benefits to which the member is then
9	entitled must be reduced to the actuarial equivalent of the benefit credits earned to the date of
10	early retirement from the earlier of age sixty-five or the age at which current service plus age-
11	equals ninety.according to the following schedule:
12	
13	from the earlier of:
14	<u>a. Age sixty-five; or</u>
15	<u>b.</u> The age at which the sum of the member's current years of service credit and
16	years of age equals eighty-five.
17	<u>2. All tier one nongrandfathered member and tier two member benefits must be reduced</u>
18	by eight percent per annum from the earlier of:
19	<u>a. Age sixty-five; or</u>
20	<u> </u>
21	<u> </u>
22	(2) The age at which the sum of the member's current years of service credit
23	and years of age equals ninety.
24	
25	amended and reenacted as follows:
26	
27	
28	one yearfive years of service as a member in this state, the member suffers-
29	fromqualifies for total disability as determined by the board.
30	
31	retirement formula in section 15-39.1-10 without consideration of age or the amount-

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1	computed by that formula without consideration of age but assuming the member had			
2	twenty years of credited service. A member determined eligible for a disability annuity			
3	under this section may elect to receive an annuity under any of the options allowed in			
4	section 15-39.1-16, except the level retirement income with social security option or			
5	the partial lump sum option.			
6				
7	annuitant. The board shall ascertain by periodic medical examinations the continued			
8	disability status of a disabled annuitant.			
9	- 4. If a disabled annuitant recovers and returns to active teaching, that annuitant is			
10	entitled to the retirement benefit credits which the annuitant earned prior to the time of			
11	disablement, and the credits which the annuitant earned after returning to active			
12	teaching must be added to those earned prior to disablement.			
13				
14	amended and reenacted as follows:			
15				
10				
16	resumption of teaching over annual hour limit.			
	resumption of teaching over annual hour limit. — 1. a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is-			
16				
16 17	- 1. a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is			
16 17 18	 a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is- receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not- 			
16 17 18 19	 <u>a.</u> Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is- receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not- return to covered employment until thirty calendar days have elapsed from the- 			
16 17 18 19 20	1. a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not return to covered employment until thirty calendar days have elapsed from the member's retirement date. A retired member may then return to covered			
16 17 18 19 20 21	1. a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not return to covered employment until thirty calendar days have elapsed from the member's retirement date. A retired member may then return to covered employment under an annual hour limit and continue receiving a monthly-			
16 17 18 19 20 21 22	 a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not return to covered employment until thirty calendar days have elapsed from the member's retirement date. A retired member may then return to covered employment under an annual hour limit and continue receiving a monthly retirement benefit. The annual hour limit is based on the length of the reemployed- 			
16 17 18 19 20 21 22 23	 1. a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is-receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not-return to covered employment until thirty calendar days have elapsed from the member's retirement date. A retired member may then return to covered-employment under an annual hour limit and continue receiving a monthly-retirement benefit. The annual hour limit is based on the length of the reemployed-retiree's contract as follows: 			
16 17 18 19 20 21 22 23 24	 1. a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not return to covered employment until thirty calendar days have elapsed from the member's retirement date. A retired member may then return to covered employment under an annual hour limit and continue receiving a monthly retirement benefit. The annual hour limit is based on the length of the reemployed retiree's contract as follows: (1) Retiree reemployment of nine months or less, annual limit is seven hundred. 			
 16 17 18 19 20 21 22 23 24 25 	 a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not return to covered employment until thirty calendar days have elapsed from the member's retirement date. A retired member may then return to covered employment under an annual hour limit and continue receiving a monthly retirement benefit. The annual hour limit is based on the length of the reemployed retiree's contract as follows: (1) Retiree reemployment of nine months or less, annual limit is seven hundred hours; 			
 16 17 18 19 20 21 22 23 24 25 26 	 a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not return to covered employment until thirty calendar days have elapsed from the member's retirement date. A retired member may then return to covered employment under an annual hour limit and continue receiving a monthly-retirement benefit. The annual hour limit is based on the length of the reemployed retiree's contract as follows: (1) Retiree reemployment of nine months or less, annual limit is seven hundred hours; (2) Retiree reemployment of ten months, annual limit is eight hundred hours; 			

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1	<u>b.</u>	Employment as a noncontracted substitute teacher does not apply to the annual
2		hour limit. Professional development and extracurricular duties do not apply to
3		the annual hour limit.
4	<u>— с.</u>	The retired member and the retired member's employer must notify the fund-
5		office in writing within thirty days of the retired member's return to covered
6		employment. Should the retired member's employment exceed the annual hour
7		limit, the retired member must immediately notify the fund office in writing. Failure-
8		to notify the fund office results in the loss of one month's annuity benefit. The
9		retired member's monthly benefit must be discontinued the first of the month
10		following the date the member reaches the annual hour limit.
11	d.	A retired member who returns to teaching shall pay the member contributions
12		required by section 15-39.1-09 on those earningsthe salary received by the
13		retired member after reaching the annual hour limit. The member contributions
14		must be included in the retired member's account value and may not be refunded
15		except as provided under subdivision a of subsection 2 of section 15-39.1-19.1
16		and section 15-39.1-17.
17	е.	A participating employer who employs a retired member under this section shall
18		pay the employer contributions required by section 15-39.1-09 on the salary of
19		the retired member both before and after the retired member reaches the annual
20		hour limit.
21	<u> <u>f.</u> </u>	A retired teacher who returns to teaching and does not exceed the annual hour
22		limit must be treated as retired for all other purposes under this chapter. A retired
23		teacher may not earn any additional service during the period of reemployment.
24		The retired teacher's benefits may not be adjusted to reflect changes in the
25		retired teacher's age or final average monthly salary at the end of the period of
26		reemployment, any optional form of payment elected under section 15-39.1-16
27		remains effective during and after the period of reemployment, and additional
28		benefits normally available to an active member, such as disability benefits, are
29		not available to a retired teacher reemployed under this section.
30	<u> </u>	A retired teacher who returns to teaching and exceeds the annual hour limit must
31		immediately notify the fund office in writing. Failure to notify the fund office results

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1	in the loss of one month's annuity benefit for the member. The retired member's
2	monthly benefit must be discontinued the first of the month following the date the
3	member reaches the annual hour limit.
4	
5	resumed as follows:
6	a. If the teacher subsequently retires with less than two years of additional earned
7	credited service, the teacher's contributions paid to the fund after the member's
8	benefit was suspended must be refunded in accordance with section 15-39.1-20
9	and the teacher is entitled to receive the discontinued annuity, plus any
10	postretirement benefit adjustments granted during the period of reemployment,
11	the first day of the month following the teacher's re-retirement.
12	b. If the teacher subsequently retires with two or more but less than five years of
13	additional earned credited service, the retired person's annuity is the greater of
14	the sum of the discontinued annuity, plus an additional annuity computed
15	according to this chapter based upon years of service and average salaries
16	earned during the period of reemployment plus any postretirement benefit
17	adjustments granted during the period of reemployment, or a recalculated annuity-
18	computed according to this chapter based on total years of service credit earned
19	during both employment periods offset by the actuarial value of payments already
20	received. The new annuity is payable the first day of the month following the
21	member's re-retirement.
22	
23	credited service, the retired person's annuity is the greater of the sum of the
24	discontinued annuity plus an additional annuity based upon years of service and
25	average salaries earned during the period of reemployment plus any
26	postretirement benefit adjustments granted during the period of reemployment, or-
27	a recalculated annuity based on all years of service computed under
28	subsection 2 of section 15-39.1-10. The new annuity is payable the first day of
29	the month following the member's re-retirement.
30	SECTION 7. AMENDMENT. Section 15-39.1-19.2 of the North Dakota Century Code is-
31	amended and reenacted as follows:

1	
2	disciplines - Rules.
3	
4	or 15-39.2 may elect to return to teaching without losing any benefits under the
5	provisions of this section or elect to return to teaching under the provisions of section
6	15-39.1-19.1. To return to teaching under this section, a retired teacher must:
7	a. Return to teach in a critical shortage geographical area or subject discipline as
8	determined by the education standards and practices board by rule;
9	b. If retired after January 1, 2001, have been receiving a retirement annuity for at-
10	least one year. A retired teacher may perform noncontracted substitute teaching
11	duties but may not engage in full-time or part-time teaching duties during the
12	one-year separation from service; and
13	c. Notify the fund office in writing within thirty days of the retired member's return to-
14	covered employment. The retired member's employer must also notify the fund-
15	office in writing within thirty days of the retired member's return to covered
16	employment.
17	— 2. A retired teacher who returns to teaching under this section is not required to shall pay
18	the employee assessmentmember contributions required by section 15-39.1-09 on the
19	salary of the retired member. The member contributions must be included in the retired
20	member's account value and may not be refunded except as provided under section
21	15-39.1-17. A retired teacher who returns to teaching under the provisions of this
22	section must be treated as retired for all other purposes under this chapter. A retired
23	teacher may not earn any additional service during the period of reemployment. The
24	retired teacher's benefits may not be adjusted to reflect changes in the retired
25	teacher's age or final average monthly salary at the end of the period of
26	reemployment, any optional form of payment elected under section 15-39.1-16-
27	remains effective during and after the period of reemployment, and additional benefits
28	normally available to an active member, such as disability benefits, are not available to
29	a retired teacher reemployed under this section.

1					
2	the employer contributions required by section 15-39.1-09 on the salary of the retired-				
3	member.				
4		,			
5	and sections 3, 4, and 5 of this Act become effective July 1, 2013.				
6	SECTION 1. Two new subsections to section 15-39.1-04 of the North Dakota Century Code				
7	are created and enacted as follows:				
8	"Tier one grandfathered member" for purposes of sections 15-39.1-10 and 15-39.1-12				
9	means a tier one member who, as of June 30, 2013, is vested as a tier one member in	_			
10	accordance with section 15-39.1-11; and				
11	a. Is at least fifty-five years of age; or				
12	b. Has a combined total of years of service credit in the plan and years of age which				
13	equals or exceeds sixty-five.				
14	"Tier one nongrandfathered member" for purposes of sections 15-39.1-10 and				
15	15-39.1-12 means a tier one member who does not qualify as a tier one				
16	grandfathered member.				
17	SECTION 2. AMENDMENT. Subsection 1 of section 15-39.1-09 of the North Dakota				
18	Century Code is amended and reenacted as follows:				
19	1. Except as otherwise provided by law, every teacher is a member of the fund and must				
20	be assessed upon the teacher's salary seven and seventy-five hundredths percent per				
21	annum, which must be deducted, certified, and paid monthly to the fund by the				
22	disbursing official of the governmental body by which the teacher is employed.				
23	Member contributions increase to nine and seventy-five hundredths percent per				
24	annum beginning July 1, 2012, and increase thereafter to eleven and seventy-five				
25	hundredths percent per annum beginning July 1, 2014. Except as otherwise provided				
26	by law, every governmental body employing a teacher shall pay to the fund eight and				
27	seventy-five hundredths percent per annum of the salary of each teacher employed by				
28	it. Contributions to be paid by a governmental body employing a teacher increase to				
29	ten and seventy-five hundredths percent per annum beginning July 1, 2012, and				
30	increase thereafter to twelve and seventy-five hundredths percent per annum				

1		<u>beg</u>	inning July 1, 2014. The required amount of member and employer contributions	
2	must be reduced to seven and seventy-five hundredths percent per annum effective			
3	on the July first that follows the first valuation showing a ratio of the actuarial value of			
4		assets to the actuarial accrued liability of the teachers' fund for retirement that is equal		
5		<u>to o</u>	r greater than ninety percent. The disbursing official of the governmental body	
6		sha	Il certify the governmental body payments and remit the payments monthly to the	
7		func	d.	
8	SEC		N 3. AMENDMENT. Subsection 1 of section 15-39.1-10 of the North Dakota	
9	Century	Code	e is amended and reenacted as follows:	
10	1.	The	following members who have acquired a vested right to a retirement annuity as	
11		<u>set</u>	forth in section 15-39.1-11 are eligible to receive monthly lifetime normal	
12		unre	educed retirement benefits under this section:	
13		a.	All tier one and tier two members who have earned three years of teaching	
14			service credit and who have attained the age of sixty-five years.	
15		b.	All tier one grandfathered members who have earned three years of teaching	
16			service credit and who have a combined total of years of service credit and years	
17			of age which equals or exceeds eighty-five.	
18		C.	All tier two members who have earned five years of teaching service credit and	
19			who have attained the age of sixty-five yearsone nongrandfathered members and	
20			tier two members who are at least sixty years of age and who have combined	
21			total of years of service credit and years of age which equals or exceeds ninety.	
22		d.	All tier two members who have earned five years of teaching service credit and	
23			who have a combined total of years of service credit and years of age which	
24			equals or exceeds ninety.	
25	SEC	TION	N 4. AMENDMENT. Section 15-39.1-12 of the North Dakota Century Code is	
26	amende	d and	d reenacted as follows:	
27	15-3	9.1- 1	12. Early <u>reduced</u> retirement <u>benefits</u> .	
28	A-tie	r one	e member who has acquired a vested right to a retirement annuity as set forth in	
29	section ?	15-39	9.1-11 and who has attained age fifty-five may retire prior to the normal retirement	
30	age as s	et fo	rth in section 15-39.1-10 but the benefits to which the member is then entitled must	
31	be reduc	ed <mark>te</mark>	the actuarial equivalent of the benefit credits earned to the date of early-	

1 retirement from the earlier of age sixty-five or the age at which current service plus age equals. 2 eighty-five. A tier two member who has acquired a vested right to a retirement annuity as set. 3 forth in section 15-39.1-11 and who has attained age fifty five may retire prior to the normal- 4 retirement age as set forth in section 15-39.1-10 but the benefits to which the member is then. 5 entitled must be reduced to the actuarial equivalent of the benefit credits earned to the date of. 6 early retirement from the earlier of age sixty-five or the age at which current service plus age. 7 equals ninety-according to the following schedule: 8 1. All tier one grandfathered member benefits must be reduced by six percent per annum. 9 from the earlier of: 10 a. Age sixty-five; or 11 b. The age at which the sum of the member's current years of service credit and. 12 years of age equals eighty-five. 13 2. All tier one nongrandfathered member and tier two member benefits must be reduced. 14 by eight percent per annum from the earlier of: 15 a. Age sixty-five; or 16 b. The later of: 17 (1) Age sixty; or 18 (2) The age at which the sum of the member's current
 forth in section 15-39.1-11 and who has attained age fifty-five may retire prior to the normal retirement age as set forth in section 15-39.1-10 but the benefits to which the member is then entitled must be reduced to the actuarial equivalent of the benefit credits earned to the date of early retirement from the earlier of age sixty five or the age at which current service plus age equals ninety according to the following schedule: 1. All tier one grandfathered member benefits must be reduced by six percent per annum from the earlier of: a. Age sixty-five; or b. The age at which the sum of the member's current years of service credit and years of age equals eighty-five. 2. All tier one nongrandfathered member and tier two member benefits must be reduced. by eight percent per annum from the earlier of: a. Age sixty-five; or b. The later of: c. All tier one annum from the earlier of: a. Age sixty-five; or b. The later of: c. All tier one annum from the earlier of: a. Age sixty-five; or b. The later of: c. The later of: c. Age sixty-five; or
 retirement age as set forth in section 15-39.1-10 but the benefits to which the member is then entitled must be reduced to the actuarial equivalent of the benefit credits carned to the date of carly retirement from the carlier of age sixty five or the age at which current service plus age equals ninety.according to the following schedule: 1. All tier one grandfathered member benefits must be reduced by six percent per annum. from the earlier of: a. Age sixty-five: or b. The age at which the sum of the member's current years of service credit and years of age equals eighty-five. 2. All tier one nongrandfathered member and tier two member benefits must be reduced. by eight percent per annum from the earlier of: a. Age sixty-five: or 11 b. The age at which the sum of the member's current years of service credit and years of age equals eighty-five. 13 2. All tier one nongrandfathered member and tier two member benefits must be reduced. by eight percent per annum from the earlier of: a. Age sixty-five: or b. The later of: (1) Age sixty: or (2) The age at which the sum of the member's current years of service credit.
 entitled must be reduced to the actuarial equivalent of the benefit credits earned to the date of early retirement from the earlier of age sixty five or the age at which current service plus age equals ninety according to the following schedule: 1. All tier one grandfathered member benefits must be reduced by six percent per annum. from the earlier of: a. Age sixty-five; or b. The age at which the sum of the member's current years of service credit and. years of age equals eighty-five. 2. All tier one nongrandfathered member and tier two member benefits must be reduced. by eight percent per annum from the earlier of: a. Age sixty-five; or b. The later of: (1) Age sixty: or (2) The age at which the sum of the member's current years of service credit
 early retirement from the earlier of age sixty five or the age at which current service plus age-equals ninety.according to the following schedule: 1. All tier one grandfathered member benefits must be reduced by six percent per annum from the earlier of: a. Age sixty-five; or b. The age at which the sum of the member's current years of service credit and years of age equals eighty-five. 2. All tier one nongrandfathered member and tier two member benefits must be reduced. by eight percent per annum from the earlier of: a. Age sixty-five; or b. The later of: c. All tier one nongrandfathered member and tier two member benefits must be reduced. by eight percent per annum from the earlier of: a. Age sixty-five; or b. The later of: (1) Age sixty: or (2) The age at which the sum of the member's current years of service credit.
 requals ninety-according to the following schedule: 1. All tier one grandfathered member benefits must be reduced by six percent per annum from the earlier of: a. Age sixty-five: or b. The age at which the sum of the member's current years of service credit and. years of age equals eighty-five. 2. All tier one nongrandfathered member and tier two member benefits must be reduced. by eight percent per annum from the earlier of: a. Age sixty-five: or b. The later of: (1) Age sixty: or (2) The age at which the sum of the member's current years of service credit
 All tier one grandfathered member benefits must be reduced by six percent per annum from the earlier of: a. Age sixty-five; or b. The age at which the sum of the member's current years of service credit and years of age equals eighty-five. 2. All tier one nongrandfathered member and tier two member benefits must be reduced by eight percent per annum from the earlier of: a. Age sixty-five; or b. The later of: (1) Age sixty: or (2) The age at which the sum of the member's current years of service credit
 9 from the earlier of: 10 a. Age sixty-five; or 11 b. The age at which the sum of the member's current years of service credit and 12 years of age equals eighty-five. 13 2. All tier one nongrandfathered member and tier two member benefits must be reduced. 14 by eight percent per annum from the earlier of: 15 a. Age sixty-five; or 16 b. The later of: 17 (1) Age sixty; or 18 (2) The age at which the sum of the member's current years of service credit
10a. Age sixty-five; or11b. The age at which the sum of the member's current years of service credit and12years of age equals eighty-five.132. All tier one nongrandfathered member and tier two member benefits must be reduced.14by eight percent per annum from the earlier of:15a. Age sixty-five; or16b. The later of:17
 b. The age at which the sum of the member's current years of service credit and years of age equals eighty-five. 2. All tier one nongrandfathered member and tier two member benefits must be reduced. by eight percent per annum from the earlier of: a. Age sixty-five; or b. The later of: (1) Age sixty; or (2) The age at which the sum of the member's current years of service credit.
12 years of age equals eighty-five. 13 2. All tier one nongrandfathered member and tier two member benefits must be reduced. 14 by eight percent per annum from the earlier of: 15 a. Age sixty-five; or 16 b. The later of: 17 (1) Age sixty; or 18 (2) The age at which the sum of the member's current years of service credit.
 13 2. All tier one nongrandfathered member and tier two member benefits must be reduced 14 by eight percent per annum from the earlier of: 15 a. Age sixty-five; or 16 b. The later of: 17 (1) Age sixty; or 18 (2) The age at which the sum of the member's current years of service credit.
 14 by eight percent per annum from the earlier of: 15 a. Age sixty-five; or 16 b. The later of: 17 (1) Age sixty; or 18 (2) The age at which the sum of the member's current years of service credit.
 15 <u>a. Age sixty-five; or</u> 16 <u>b. The later of:</u> 17 (1) Age sixty; or 18 (2) The age at which the sum of the member's current years of service credit.
16 b. The later of: 17 (1) Age sixty; or 18 (2) The age at which the sum of the member's current years of service credit.
 17 (1) Age sixty; or 18 (2) The age at which the sum of the member's current years of service credit
18 (2) The age at which the sum of the member's current years of service credit
19 and years of age equals ninety.
20 SECTION 5. AMENDMENT. Section 15-39.1-18 of the North Dakota Century Code is
21 amended and reenacted as follows:
22 15-39.1-18. Disability retirements.
23 1. Any member may also retire and receive a disability annuity if, after a period of at least
24 <u>one year five years</u> of service as a member in this state, the member suffers-
25 from <u>qualifies for</u> total disability as determined by the board.
2. The amount of the disability annuity is the greater of the amount computed by the
27 retirement formula in section 15-39.1-10 without consideration of age-or the amount-
28 computed by that formula without consideration of age but assuming the member had-
29 twenty years of credited service. A member determined eligible for a disability annuity
30 under this section may elect to receive an annuity under any of the options allowed in

1		sec	tion 15-39.1-16, except the level retirement income with social security option or
2		the	partial lump sum option.
3	3.	The	e disability annuity continues until the death or prior recovery of the disabled
4		ann	uitant. The board shall ascertain by periodic medical examinations the continued
5		disa	ability status of a disabled annuitant.
6	4.	lf a	disabled annuitant recovers and returns to active teaching, that annuitant is
7		enti	tled to the retirement benefit credits which the annuitant earned prior to the time of
8		disa	ablement, and the credits which the annuitant earned after returning to active
9		tead	ching must be added to those earned prior to disablement.
10	SEC	стю	N 6. AMENDMENT. Section 15-39.1-19.1 of the North Dakota Century Code is
11	amende	ed and	d reenacted as follows:
12	15-3	39.1-′	19.1. <u>Retired teachers return to active service - Annuities discontinued on</u>
13	resump	tion	of teaching <u>over annual hour limit</u> .
14	1.	a.	Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is
15			receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may not
16			return to covered employment until thirty calendar days have elapsed from the
17			member's retirement date. A retired member may then return to covered
18			employment under an annual hour limit and continue receiving a monthly
19			retirement benefit. The annual hour limit is based on the length of the reemployed
20			retiree's contract as follows:
21			(1) Retiree reemployment of nine months or less, annual limit is seven hundred
22			hours;
23			(2) Retiree reemployment of ten months, annual limit is eight hundred hours;
24			(3) Retiree reemployment of eleven months, annual limit is nine hundred hours;
25			or
26			(4) Retiree reemployment of twelve months, annual limit is one thousand hours.
27		b.	Employment as a noncontracted substitute teacher does not apply to the annual
28			hour limit. Professional development and extracurricular duties do not apply to
29			the annual hour limit.
30		C.	The retired member and the retired member's employer must notify the fund
31			office in writing within thirty days of the retired member's return to covered

1			employment. Should the retired member's employment exceed the annual hour
2			limit, the retired member must immediately notify the fund office in writing. Failure-
3			to notify the fund office results in the loss of one month's annuity benefit. The
4			retired member's monthly benefit must be discontinued the first of the month-
5			following the date the member reaches the annual hour limit.
6		d.	A retired member who returns to teaching shall pay the member contributions
7			required by section 15-39.1-09 on those earningsthe salary received by the
8			retired member-after reaching the annual hour limit. The member contributions
9			must be included in the retired member's account value and may not be refunded
10			except as provided under subdivision a of subsection 2 of section 15-39.1-19.1
11			and section 15-39.1-17.
12		e.	A participating employer who employs a retired member under this section shall
13			pay the employer contributions required by section 15-39.1-09 on the salary of
14			the retired member both before and after the retired member reaches the annual
15			hour limit.
16		f.	A retired teacher who returns to teaching and does not exceed the annual hour
17			limit must be treated as retired for all other purposes under this chapter. A retired
18			teacher may not earn any additional service during the period of reemployment.
19			The retired teacher's benefits may not be adjusted to reflect changes in the
20			retired teacher's age or final average monthly salary at the end of the period of
21			reemployment, any optional form of payment elected under section 15-39.1-16
22			remains effective during and after the period of reemployment, and additional
23			benefits normally available to an active member, such as disability benefits, are
24			not available to a retired teacher reemployed under this section.
25		g.	A retired teacher who returns to teaching and exceeds the annual hour limit must
26			immediately notify the fund office in writing. Failure to notify the fund office results
27			in the loss of one month's annuity benefit for the member. The retired member's
28			monthly benefit must be discontinued the first of the month following the date the
29			member reaches the annual hour limit.
30	2.	Upo	on the retired teacher's subsequent retirement, the member's benefit must be
31		resu	umed as follows:

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1	a.	If the teacher subsequently retires with less than two years of additional earned	
2		credited service, the teacher's contributions paid to the fund after the member's	
3		benefit was suspended must be refunded in accordance with section 15-39.1-20	
4		and the teacher is entitled to receive the discontinued annuity, plus any	
5		postretirement benefit adjustments granted during the period of reemployment,	
6		the first day of the month following the teacher's re-retirement.	
7	b.	If the teacher subsequently retires with two or more but less than five years of	
8		additional earned credited service, the retired person's annuity is the greater of	
9		the sum of the discontinued annuity, plus an additional annuity computed	
10		according to this chapter based upon years of service and average salaries	
11		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	С.	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	
23		subsection 2 of section 15-39.1-10. The new annuity is payable the first day of	
24		the month following the member's re-retirement.	
25	SECTIO	N 7. AMENDMENT. Section 15-39.1-19.2 of the North Dakota Century Code is	
26	amended and reenacted as follows:		
27	15-39.1-19.2. Retired teachers return to active service - Critical shortage areas and		
28	disciplines - Rules.		
29	1. A re	etired teacher who is receiving a retirement annuity under chapter 15-39, 15-39.1,	
30	or 1	5-39.2 may elect to return to teaching without losing any benefits under the	

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1		provisions of this section or elect to return to teaching under the provisions of section	
2	15-39.1-19.1. To return to teaching under this section, a retired teacher must:		
3		a. Return to teach in a critical shortage geographical area or subject discipline as	
4		determined by the education standards and practices board by rule;	
5		b. If retired after January 1, 2001, have been receiving a retirement annuity for at	
6		least one year. A retired teacher may perform noncontracted substitute teaching	
7		duties but may not engage in full-time or part-time teaching duties during the	
8		one-year separation from service; and	
9		c. Notify the fund office in writing within thirty days of the retired member's return to	
10		covered employment. The retired member's employer must also notify the fund	
11		office in writing within thirty days of the retired member's return to covered	
12		employment.	
13	2.	A retired teacher who returns to teaching under this section is not required to shall pay	
14		the employee assessmentmember contributions required by section 15-39.1-09 on the	
15		salary of the retired member. The member contributions must be included in the retired	
16		member's account value and may not be refunded except as provided under section	
17		15-39.1-17. A retired teacher who returns to teaching under the provisions of this	
18		section must be treated as retired for all other purposes under this chapter. A retired	
19		teacher may not earn any additional service during the period of reemployment. The	
20		retired teacher's benefits may not be adjusted to reflect changes in the retired	
21		teacher's age or final average monthly salary at the end of the period of	
22		reemployment, any optional form of payment elected under section 15-39.1-16	
23		remains effective during and after the period of reemployment, and additional benefits	
24		normally available to an active member, such as disability benefits, are not available to	
25		a retired teacher reemployed under this section.	
26	3.	A participating employer who employs a retired member under this section shall pay	
27		the employer contributions required by section 15-39.1-09 on the salary of the retired	
28		member.	
29	SE	SECTION 8. EFFECTIVE DATE. Sections 6 and 7 of this Act become effective July 1, 2012,	
30	and sections 3, 4, and 5 of this Act become effective July 1, 2013.		