

**FIRST ENGROSSMENT
with House Amendments**

Sixtieth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2047

Introduced by

Government and Veterans Affairs Committee

(At the request of the Public Employees Retirement System)

1 A BILL for an Act to amend and reenact sections 54-52.2-01, 54-52.2-02, and 54-52.2-05 of the
2 North Dakota Century Code, relating to automatic enrollment of employees in the deferred
3 compensation program under the public employees retirement system.

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

5 **SECTION 1. AMENDMENT.** Section 54-52.2-01 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52.2-01. Deferred compensation program for public employees - Contract.**

8 Except for an employee employed by an institution under the control of the state board of
9 higher education or the North Dakota university system board office who is eligible for
10 membership in the teachers' insurance and annuity association of America-college retirement
11 equities fund (TIAA-CREF), a participating employer shall automatically enroll employees first
12 employed with the state on or after August 1, 2007, in the deferred compensation program,
13 effective the first day of the month following the employee's first full month of employment with
14 the state, unless the employee executes and files with the public employees retirement system
15 board a prescribed form for opting out of the automatic enrollment within thirty days of
16 beginning employment. The state shall withhold twenty-five dollars per month from the
17 compensation of each employee subject to the automatic enrollment provided for in this
18 section, and the state shall forward those moneys to the board for deposit into an investment
19 option selected by the board for each employee. The state or any county, city, or other political
20 subdivision may, by contract, otherwise agree with any employee to defer, in whole or in part,
21 any portion of that employee's compensation and may subsequently, with the consent of the
22 employee, fund a deferred compensation program for the employee. The deferred
23 compensation program may consist of a contract, purchase, or investment in a fixed or variable
24 life insurance or annuity contract from any life underwriter duly licensed by this state who

1 represents an insurance company licensed to contract business in this state, a savings account
2 at a federally insured financial institution or the Bank of North Dakota, an account with or
3 managed by a dealer registered under chapter 10-04, or any combination of contracts or
4 accounts authorized by this section, as specified by the employee. The public employees
5 retirement board shall specify methods of payment of deferred compensation funds to be
6 selected by individual employees. That board shall determine the number of employees
7 participating in a deferred compensation program necessary to qualify for automatic payroll
8 deduction.

9 **SECTION 2. AMENDMENT.** Section 54-52.2-02 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **54-52.2-02. Deferred employee's compensation - Agreements.** The public
12 employees retirement board, acting on behalf of each state agency, department, board,
13 commission, or institution, may enter into contractual agreements with employees of a state
14 agency, department, board, commission, or institution, including employees who were
15 automatically enrolled in the deferred compensation program pursuant to section 54-52.2-01,
16 on behalf of the state to defer any portion of that employee's compensation allowed under
17 section 457 of the Internal Revenue Code [26 U.S.C. 457].

18 **SECTION 3. AMENDMENT.** Section 54-52.2-05 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **54-52.2-05. Administrators authorized to make payments or investments.**
21 Notwithstanding any other provision of law to the contrary, those persons designated to
22 administer the deferred compensation program ~~are hereby authorized to~~ may make payments
23 or investments under the deferred compensation program ~~as specified by the employee~~ in
24 accordance with section 54-52.2-01. The payments or investments may not be construed to be
25 a prohibited use of the general assets of the state, county, city, or other political subdivision.