

HOUSE BILL NO. 1080

Introduced by

Education Committee

(At the request of the Teachers' Fund for Retirement)

1 A BILL for an Act to amend and reenact subsection 9 of section 15-39.1-04, subsection 4 of
2 section 15-39.1-10, section 15-39.1-10.6, subsection 1 of section 15-39.1-19.1, and sections
3 15-39.1-20 and 15-39.1-30 of the North Dakota Century Code, relating to incorporation of
4 federal law changes, procedure relating to benefit limitations, annual hour limit for retiree
5 reemployment, and disclosure of confidential records under the teachers' fund for retirement.

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

7 **SECTION 1. AMENDMENT.** Subsection 9 of section 15-39.1-04 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 9. "Salary" means a member's earnings in eligible employment under this chapter for
10 teaching, supervisory, administrative, and extracurricular services during a school
11 year reported as salary on the member's federal income tax withholding
12 statements plus any salary reduction or salary deferral amounts under 26 U.S.C.
13 125, 132(f), 401(k), 403(b), 414(h), or 457 in effect on ~~July~~ August 1, ~~2007~~ 2009.
14 "Salary" includes bonus amounts paid to members for performance, retention,
15 experience, and other service-related bonuses, unless amounts are conditioned on
16 or made in anticipation of an individual member's retirement or termination. The
17 annual salary of each member taken into account in determining benefit accruals
18 and contributions may not exceed the annual compensation limits established
19 under 26 U.S.C. 401(a)(17)(B) in effect on ~~July~~ August 1, ~~2007~~ 2009, as adjusted
20 for increases in the cost of living in accordance with 26 U.S.C. 401(a)(17)(B) in
21 effect on ~~July~~ August 1, ~~2007~~ 2009. A salary maximum is not applicable to
22 members whose participation began before July 1, 1996. "Salary" does not
23 include:

- 1 a. Fringe benefits or side, nonwage, benefits that accompany or are in addition
- 2 to a member's employment, including insurance programs, annuities,
- 3 transportation allowances, housing allowances, meals, lodging, or expense
- 4 allowances, or other benefits provided by a member's employer.
- 5 b. Insurance programs, including medical, dental, vision, disability, life, long-term
- 6 care, workforce safety and insurance, or other insurance premiums or
- 7 benefits.
- 8 c. Payments for unused sick leave, personal leave, vacation leave, or other
- 9 unused leave.
- 10 d. Early retirement incentive pay, severance pay, or other payments conditioned
- 11 on or made in anticipation of retirement or termination.
- 12 e. Teacher's aide pay, referee pay, busdriver pay, or janitorial pay.
- 13 f. Amounts received by a member in lieu of previously employer-provided
- 14 benefits or payments that are made on an individual selection basis.
- 15 g. Recruitment bonuses.
- 16 h. Other benefits or payments not defined in subdivisions a through g which the
- 17 board determines to be ineligible teachers' fund for retirement salary.

18 **SECTION 2. AMENDMENT.** Subsection 4 of section 15-39.1-10 of the North Dakota
19 Century Code is amended and reenacted as follows:

- 20 4. Retirement benefits must begin no later than April first of the calendar year
- 21 following the year the member attains age seventy and one-half or April first of the
- 22 calendar year following the year the member terminates covered employment,
- 23 whichever is later. Payments must be made over a period of time which does not
- 24 exceed the life expectancy of the member or the joint life expectancy of the
- 25 member and the beneficiary. Payment of minimum distributions must be made in
- 26 accordance with section 401(a)(9) of the Internal Revenue Code in effect on ~~July~~
- 27 August 1, 2007 2009, and the regulations issued under that section, as applicable
- 28 to governmental plans.

29 **SECTION 3. AMENDMENT.** Section 15-39.1-10.6 of the North Dakota Century Code
30 is amended and reenacted as follows:

1 **15-39.1-10.6. Benefit limitations.** Benefits with respect to a member participating
2 under former chapter 15-39 or chapter 15-39.1 or 15-39.2 may not exceed the maximum
3 benefits specified under section 415 of the Internal Revenue Code [26 U.S.C. 415] in effect on
4 ~~July August~~ August 1, 2007 2009, for governmental plans. The maximum dollar benefit applicable
5 under section 415(b)(1)(A) of the Internal Revenue Code must reflect any increases in this
6 amount provided under section 415(d) of the Internal Revenue Code subsequent to August 1,
7 2009. If a member's benefit is limited by these provisions at the time of retirement or in any
8 subsequent year, the benefit paid in any following calendar year may be increased to reflect all
9 cumulative increases in the maximum dollar limit provided under section 415(d) of the Internal
10 Revenue Code for years after the year payments commenced, but not to more than would have
11 been payable in the absence of the limits under section 415 of the Internal Revenue Code. If
12 an annuitant's benefit is increased by a plan amendment, after the commencement of
13 payments, the member's benefit may not exceed the maximum dollar benefit under section
14 415(b)(1)(A) of the Internal Revenue Code, adjusted for the commencement age and form of
15 payment, increased as provided by section 415(d) of the Internal Revenue Code. If this plan
16 must be aggregated with another plan to determine the effect of section 415 of the Internal
17 Revenue Code on a member's benefit, and if the benefit must be reduced to comply with
18 section 415 of the Internal Revenue Code, then the reduction must be made pro rata between
19 the two plans, in proportion to the member's service in each plan.

20 **SECTION 4. AMENDMENT.** Subsection 1 of section 15-39.1-19.1 of the North Dakota
21 Century Code is amended and reenacted as follows:

- 22 1. a. Except as otherwise provided in section 15-39.1-19.2, a retired teacher who is
23 receiving a retirement annuity under chapter 15-39, 15-39.1, or 15-39.2 may
24 not return to covered employment until thirty calendar days have elapsed from
25 the member's retirement date. A retired member may then return to covered
26 employment under an annual hour limit and continue receiving a monthly
27 retirement benefit. The annual hour limit is based on the length of the
28 reemployed retiree's contract as follows:
- 29 a. (1) Retiree reemployment of nine months or less, annual limit is seven
30 hundred hours;

1 Dakota. The refund is in lieu of any other benefits to which the member may be entitled under
2 the terms of this chapter, and by accepting the refund, the member is waiving any right to
3 participate in the fund under the same provisions that existed at the time the refund was
4 accepted regardless of whether the member later repurchases refunded service credit. A
5 member may elect, at the time and under rules adopted by the board, to have any portion of an
6 eligible rollover distribution paid directly in a direct rollover to an eligible retirement plan
7 specified by the member as allowed under section 401(a)(31) of the Internal Revenue Code in
8 effect on ~~July~~ August 1, ~~2007~~ 2009.

9 **SECTION 6. AMENDMENT.** Section 15-39.1-30 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **15-39.1-30. Confidentiality of records.** All records relating to the retirement benefits
12 of a member or a beneficiary under this chapter are confidential and are not public records.
13 The information and records may be disclosed, under rules adopted by the board, only to:

- 14 1. A person to whom the teacher has given written consent to have the information
15 disclosed.
- 16 2. A person legally representing the teacher, upon proper proof of representation, and
17 unless the teacher specifically withholds consent.
- 18 3. A person authorized by a court order.
- 19 4. A member's participating employer, limited to information concerning the member's
20 years of service credit, years of age, employer and employee contribution
21 amounts, and salary. The board may share other types of information as needed
22 by the employer to validate the employer's compliance with existing state or federal
23 law. Any information provided to the member's participating employer under this
24 subsection must remain confidential except as provided in subsection 6.
- 25 5. The administrative staff of the public employees retirement system for purposes
26 relating to membership and benefits determination.
- 27 6. State or federal agencies for the purpose of validating member eligibility or
28 employer compliance with existing state or federal law.
- 29 7. Member interest groups approved by the board, limited to information concerning
30 the member's death.

- 1 8. A government child support enforcement agency for purposes of establishing
2 paternity or establishing, modifying, or enforcing a child support obligation of the
3 member.
- 4 9. The member's spouse or former spouse, that individual's legal representative, and
5 the judge presiding over the member's dissolution proceeding for purposes of
6 aiding the parties in drafting a qualified domestic relations order under section
7 15-39.1-12.2. The information disclosed under this subsection must be limited to
8 information necessary for drafting the order.
- 9 10. Beneficiaries designated by a participating member or a former participating
10 member to receive benefits after the member's death, but only after the member's
11 death. Information relating to beneficiaries may be disclosed to other beneficiaries
12 of the same member.
- 13 11. The general public, but only after the board has been unable to locate the member
14 for a period in excess of two years, and limited to the member's name and the fact
15 that the board has been unable to locate the member.
- 16 12. Any person if the board determines disclosure is necessary for treatment,
17 operational, or payment purposes, including the completion of necessary
18 documents.
- 19 13. A person if the information relates to an employer service purchase, but the
20 information must be limited to the member's name and employer, the retirement
21 program in which the member participates, the amount of service credit purchased
22 by the employer, and the total amount expended by the employer for that service
23 credit purchase. Information identified under this subsection may only be obtained
24 from the member's employer.