

**BILL NO.**

Introduced by

(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 7 of  
2 section 15-39.1-05.2, subsection 2 of section 15-39.1-12.2, sections 15-39.1-15 and  
3 15-39.1-16, subsection 2 of section 15-39.1-18, and sections 15-39.1-19.1, 15-39.1-19.2, and  
4 15-39.1-27 of the North Dakota Century Code, relating to the teachers' fund for retirement board  
5 authority and teachers' fund for retirement benefits.

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. "Retirement annuity" means the payments made by the fund to a member after  
10 retirement, ~~these payments beginning on the first or fifteenth day of the month~~  
11 ~~following eligibility for a benefit.~~

12 **SECTION 2. AMENDMENT.** Subsection 7 of section 15-39.1-05.2 of the North Dakota  
13 Century Code is amended and reenacted as follows:

14 7. Shall, ~~through resolution,~~ inform the state investment board, which is the  
15 administrative board of the retirement and investment office, the levels of services,  
16 goals, and objectives expected to be provided through the retirement and investment  
17 office.

18 **SECTION 3. AMENDMENT.** Subsection 2 of section 15-39.1-12.2 of the North Dakota  
19 Century Code is amended and reenacted as follows:

20 2. A "qualified domestic relations order" for purposes of this section means any  
21 judgment, decree, or order, including approval of a property settlement agreement,  
22 which relates to the provision of child support, spousal support, or marital property  
23 rights to a spouse, former spouse, child, or other dependent of the teacher, which is  
24 made pursuant to a North Dakota domestic relations law, and which creates or

1 recognizes the existence of an alternate payee's right to, or assigns to an alternate  
2 payee the right to, receive all or a part of the benefits payable to the teacher. A  
3 qualified domestic relations order may not require the board to provide any type or  
4 form of benefit, or any option, not otherwise provided under the fund, or to provide  
5 increased benefits as determined on the basis of actuarial value. However, a qualified  
6 domestic relations order may require the payment of benefits at the early retirement  
7 date notwithstanding that the teacher has not terminated eligible employment. A  
8 ~~qualified domestic relations order must specify:~~

- 9 a. ~~The name and last known mailing address of the teacher and the name and~~  
10 ~~mailing address of each alternate payee covered by the order;~~
- 11 b. ~~The amount or percentage of the teacher's benefits to be paid by the board to~~  
12 ~~each alternate payee;~~
- 13 c. ~~The number of payments or period to which the order applies; and~~
- 14 d. ~~Each retirement plan to which the order applies.~~

15 **SECTION 4. AMENDMENT.** Section 15-39.1-15 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17 **15-39.1-15. Withdrawal from fund - Return to teaching.**

18 A teacher who has withdrawn from the fund as set forth in this chapter, by returning to teach  
19 in a public school or state institution of this state, may, ~~by returning to teach in a public school or~~  
20 ~~state institution of this state,~~ regain service credit for prior teaching by making the required  
21 payment. The required payment, ~~if made within five years of returning to teach in covered~~  
22 ~~employment,~~ is the amount that was withdrawn with interest. In all other cases, the purchase  
23 cost ~~must be~~ on an actuarial equivalent basis. If the teacher returns to teach in covered  
24 employment after June 30, 2008, the teacher becomes a tier two member regardless of whether  
25 the teacher repurchases service credit earned while the teacher was a tier one member.

26 **SECTION 5. AMENDMENT.** Section 15-39.1-16 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28 **15-39.1-16. Option of teachers eligible to receive annuities.**

- 29 1. The board shall adopt rules providing for the receipt of retirement benefits in the  
30 following optional forms:

- 1           a. Option one. Upon the death of the teacher, the reduced retirement allowance  
2           must be continued throughout the life of, and paid to, the teacher's designated  
3           beneficiary named at the time of retirement. If the ~~person~~individual designated to  
4           receive the teacher's reduced retirement allowance predeceases the teacher, the  
5           reduced retirement allowance must be converted to a single life retirement  
6           annuity under which benefit payments, if the ~~person~~individual designated died  
7           ~~before~~ July 1, 1989, must begin on July 1, 1989, or, if the ~~person~~individual  
8           designated dies on or after July 1, 1989, must begin on the first day of the month  
9           following the death of the ~~person~~individual designated.
- 10          b. Option two. Upon the death of the teacher, one-half of the reduced retirement  
11          allowance must be continued throughout the life of, and paid to, the teacher's  
12          designated beneficiary named at the time of retirement. If the ~~person~~individual  
13          designated to receive the teacher's reduced retirement allowance predeceases  
14          the teacher, the reduced retirement allowance must be converted to a single life  
15          retirement annuity under which benefit payments, if the ~~person~~individual  
16          designated died ~~prior to~~~~before~~ July 1, 1989, must begin on July 1, 1989, or, if the  
17          designated beneficiary dies on or after July 1, 1989, must begin on the first day of  
18          the month following the death of the ~~person~~individual designated.
- 19          c. Option three. Upon the death of the teacher within twenty years of the  
20          commencement of annuity payments, the payments must be continued for the  
21          remainder of the twenty-year period to the teacher's designated beneficiary. This  
22          payment option is available to teachers who retire after July 31, 2003.
- 23          d. Option four. Upon the death of the teacher within ten years of the  
24          commencement of annuity payments, the payments must be continued for the  
25          remainder of the ten-year period to the teacher's designated beneficiary.
- 26          e. Option five. ~~Level retirement income with social security option, which is available~~  
27          ~~to teachers retiring before social security is payable.~~
- 28          ~~Option six.~~ Partial lump sum distribution option. A member who is eligible for an unreduced  
29          service retirement annuity under section 15-39.1-10 and who retires after July 31,  
30          2003, may make a one-time election to receive a portion of the retirement annuity

1                   paid in a lump sum distribution upon retirement, pursuant to rules adopted by the  
2                   board.

3       4-       (1)   The eligible member may select a standard service retirement annuity or an  
4                   optional service retirement annuity described in this ~~section~~subsection,  
5                   together with a partial lump sum distribution. ~~The partial lump sum-~~  
6                   ~~distribution option is not available to members who have selected option-~~  
7                   ~~five, the level income retirement option.~~ This option is not available to  
8                   disabled members or beneficiaries of deceased members. The partial lump  
9                   sum distribution option may be elected only once by a member and may not  
10                  be elected by a retiree.

11       2-       (2)   The amount of the partial lump sum distribution under this  
12                  ~~section~~subdivision is twelve months of a standard service retirement annuity  
13                  computed under section 15-39.1-10 and payable at the same time ~~that~~ the  
14                  first monthly payment of the annuity is paid.

15       3-       (3)   The service retirement annuity selected by the member must be actuarially  
16                  reduced to reflect the partial lump sum distribution option selected by the  
17                  member.

18       4-       (4)   Before a retiring member selects a partial lump sum distribution under this  
19                  ~~section~~subdivision, the fund shall provide a written notice to the member of  
20                  the amount by which the member's annuity will be reduced because of the  
21                  selection.

22       2.       The amount of the reduced retirement allowance payable upon the exercise of any of  
23                  these options must be computed upon an actuarial basis through the use of standard  
24                  actuarial tables and based upon the ages of the teacher and the teacher's designated  
25                  beneficiary. A member's spouse, if designated as beneficiary, ~~must~~shall consent in  
26                  writing to the member's choice of benefit payment option for any benefit payments  
27                  commencing after June 30, 1999. The board may rely on the member's  
28                  representations about that ~~person's~~member's marital status in determining the  
29                  member's marital status. The spouse's written consent must be witnessed by a notary  
30                  or a plan representative. If the spouse does not consent, or cannot be located, the

1 member's annuity benefit must be paid using option two, the fifty percent joint and  
2 survivor option.

3 **SECTION 6. AMENDMENT.** Subsection 2 of section 15-39.1-18 of the North Dakota  
4 Century Code is amended and reenacted as follows:

5 2. The amount of the disability annuity is the amount computed by the retirement formula  
6 in section 15-39.1-10 without consideration of age. A member determined eligible for a  
7 disability annuity under this section may elect to receive an annuity under any of the  
8 options allowed in section 15-39.1-16, except the level retirement income with social-  
9 security option or the partial lump sum option.

10 **SECTION 7. AMENDMENT.** Section 15-39.1-19.1 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12 **15-39.1-19.1. Retired teachers return to active service - Annuities discontinued on**  
13 **resumption of teaching over annual hour limit.**

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  
20 re-employed retiree's contract as follows:

21 (1) Retiree ~~reemployment~~re-employment of nine months or less, annual limit is  
22 seven hundred hours;

23 (2) Retiree ~~reemployment~~re-employment of ten months, annual limit is eight  
24 hundred hours;

25 (3) Retiree ~~reemployment~~re-employment of eleven months, annual limit is nine  
26 hundred hours; or

27 (4) Retiree ~~reemployment~~re-employment of twelve months, annual limit is one  
28 thousand hours.

29 b. Employment as a noncontracted substitute teacher ~~does not apply to the annual-~~  
30 ~~hour limit. Professional, professional development, and extracurricular duties do~~

1 not apply to the annual hour limit. The fund may not collect contributions for these  
2 activities.

3 c. The retired member and the retired member's employer must notify the fund  
4 office in writing within thirty days of the retired member's return to covered  
5 employment.

6 d. A retired member who returns to teaching shall pay the member contributions  
7 required by section 15-39.1-09 on the salary received by the retired member. The  
8 member contributions must be included in the retired member's account value  
9 and may not be refunded except as provided under subdivision a of subsection 2  
10 of section 15-39.1-19.1 and section 15-39.1-17.

11 e. A participating employer who employs a retired member under this section shall  
12 pay the employer contributions required by section 15-39.1-09 on the salary of  
13 the retired member.

14 f. A retired teacher who returns to teaching and does not exceed the annual hour  
15 limit must be treated as retired for all other purposes under this chapter. A retired  
16 teacher may not earn any additional service during the period of re-employment.  
17 The retired teacher's benefits may not be adjusted to reflect changes in the  
18 retired teacher's age or final average monthly salary at the end of the period of  
19 re-employment, any optional form of payment elected under section 15-39.1-16  
20 remains effective during and after the period of re-employment, and additional  
21 benefits normally available to an active member, such as disability benefits, are  
22 not available to a retired teacher re-employed under this section.

23 g. A retired teacher who returns to teaching and exceeds the annual hour limit must  
24 immediately notify the fund office in writing. Failure to notify the fund office results  
25 in the loss of one month's annuity benefit for the member. The retired member's  
26 monthly benefit must be discontinued the first of the month following the date the  
27 member reaches the annual hour limit.

28 2. Upon the ~~retired teacher's~~ subsequent retirement of a member who returns to teach  
29 and whose monthly benefit is discontinued, the member's benefit must be resumed as  
30 follows:

- 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 re-employment,~~  
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 re-employment plus any postretirement benefit~~  
12           ~~adjustments granted during the period of re-employment, or a recalculated~~  
13           ~~annuity computed according to this chapter based on total years of service credit~~  
14           ~~earned during both employment periods offset by the actuarial value of payments~~  
15           ~~already received. The new annuity is payable the first day of the month following~~  
16           ~~the member's re-retirement.~~
- 17           c. ~~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 re-employment plus any~~  
21           ~~postretirement benefit adjustments granted during the period of re-employment,~~  
22           ~~or 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.~~The member must have selected  
25           the same benefit option as the option selected at initial retirement.
- 26           b. The member's total benefit upon subsequent retirement must equal the original  
27           benefit plus the calculated benefit for the return to work period.
- 28           c. The member's benefit attributable to any return to work must be based upon  
29           service and earnings attributable to the return to work period only and be  
30           calculated as follows:

- 1           (1) The member's calculated benefit must be based on the benefit provisions in  
2           effect at subsequent retirement and must include the salary earned during  
3           the period of re-employment, total service credits earned after  
4           re-employment, and actuarial factors in effect at subsequent retirement.  
5           (2) If a member dies during subsequent employment, the member's initial  
6           retirement benefit option election applies and the date of death is  
7           considered the subsequent retirement date.

8           **SECTION 8. AMENDMENT.** Section 15-39.1-19.2 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10           **15-39.1-19.2. Retired teachers return to active service - Critical shortage areas and**  
11 **disciplines –Rules.**

- 12           1. A retired teacher who is receiving a retirement annuity under chapter 15-39, 15-39.1,  
13           or 15-39.2 may elect to return to teaching without losing any benefits under the  
14           provisions of this section or elect to return to teaching under the provisions of section  
15           15-39.1-19.1. To return to teaching under this section, a retired teacher ~~must~~:  
16           a. ~~Return~~Shall return to teach in a critical shortage geographical area or subject  
17           discipline as determined by the education standards and practices board ~~by rule~~;  
18           b. If retired after January 1, 2001, must have been receiving a retirement annuity for  
19           at least one year. A retired teacher may perform noncontracted substitute  
20           teaching duties but may not engage in full-time or part-time teaching duties  
21           during the one-year separation from service; and  
22           c. ~~Notify~~Shall notify the fund office in writing within thirty days of the retired  
23           member's return to covered employment. The retired member's employer ~~must~~  
24           also shall notify the fund office in writing within thirty days of the retired member's  
25           return to covered employment.
- 26           2. A retired teacher who returns to teaching under this section shall pay the member  
27           contributions required by section 15-39.1-09 on the salary of the retired member. The  
28           member contributions must be included in the retired member's account value and  
29           may not be refunded except as provided under section 15-39.1-17. A retired teacher  
30           who returns to teaching under the provisions of this section must be treated as retired  
31           for all other purposes under this chapter. A retired teacher may not earn any additional



1 service during the period of re-employment. The retired teacher's benefits may not be  
2 adjusted to reflect changes in the retired teacher's age or final average monthly salary  
3 at the end of the period of re-employment, any optional form of payment elected under  
4 section 15-39.1-16 remains effective during and after the period of re-employment,  
5 and additional benefits normally available to an active member, such as disability  
6 benefits, are not available to a retired teacher re-employed under this section.

7 3. A participating employer ~~who~~that employs a retired member under this section shall  
8 pay the employer contributions required by section 15-39.1-09 on the salary of the  
9 retired member.

10 **SECTION 9. AMENDMENT.** Section 15-39.1-27 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12 **15-39.1-27. Computation of years of service.**

13 In computing the terms of service of a member under this chapter, ~~for~~ a member employed  
14 full time, ~~a year is deemed to be one~~ who receives compensation for at least seven hundred  
15 ~~seventy-five days of compensation~~hours in a fiscal year earns one year of service.  
16 ~~Employment~~A member who receives compensation for less than ~~one~~seven hundred  
17 ~~seventy-five days of compensation is not deemed to be a full year but only as the proportion of~~  
18 ~~a year as the number of~~hours of service earns fractional credit equal to the number of  
19 ~~compensated hours employed~~worked in each a fiscal year of service ~~bears to~~divided by seven  
20 hundred hours. A member may not earn more than one year of service in a fiscal year.